SERVICE PLAN

2005/06– 2007/08

1 Letter From Board Chairman to Minister Responsible

I am pleased to present the Minister of Small Business and Economic Development with the B.C. Pavilion Corporation (PavCo) Service Plan for fiscal years 2005/06 to 2007/08.

PavCo is a Provincial Crown corporation that operates public facilities in the Lower Mainland of British Columbia. It is mandated to generate economic benefits for the Province, with its core business being the active marketing, sales, and management of space in its facilities for film production, conventions, trade and consumer shows, sporting, and other events. A system of performance measures has been developed to track its progress in achieving this mandate.

Following Core Services Review, PavCo embarked on a programme of divestiture of assets that were non-core or essential to its business. Tradex, a trade and consumer show facility was transferred to the City of Abbotsford in early 2004, and the proposed sale of the Bridge Film Studios did not complete.

PavCo has been retained as a Crown Corporation to provide functions for the Vancouver Convention & Exhibition Centre, BC Place Stadium, and the Bridge Film Studios. Expansion of the Vancouver Convention & Exhibition Centre is underway with completion of construction expected in 2008. PavCo is taking the lead role in marketing and sales of the Expansion and will be the operator of the combined facility.

The Vancouver Convention & Exhibition Centre and BC Place Stadium will both be host venues for the 2010 Winter Olympic Games. Infrastructure at BC Place Stadium will be improved in a cost-effective manner leading up to the time of the Games.

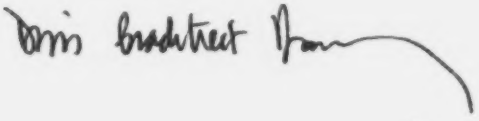
Over the next three years, PavCo will strive to provide its facilities in first class condition to clients in the most cost-effective manner. It will focus on increasing economic benefits generated through operations, and also endeavour to increase sales to ensure optimum occupancy upon opening of the Expansion of the Vancouver Convention & Exhibition Centre. At the same time staff will also strive to maintain client satisfaction during a period when activities will likely be disrupted by construction activities at the Vancouver Convention & Exhibition Centre.

On behalf of the Board of Directors, I would like to thank management and staff for their ongoing commitment to PavCo and their contribution towards the success of the organization.

Board Chairman

2 Accountability Statement

The 2005/06 – 2007/08 PavCo Service Plan was prepared under my direction in accordance with the Budget Transparency and Accountability Act. I am accountable for the contents of the plan, including the selection of performance measures and targets. The plan is consistent with government's strategic priorities and overall Strategic Plan. All significant assumptions, policy decisions, and identified risks, as of January 19, 2005, have been considered in preparing the plan. I am accountable for ensuring PavCo achieves its specific objectives identified in the plan and for measuring and reporting actual performance.



Doris Bradstreet Daughney
Board Chairman

PavCo Service Plan
Planning Period April 2005 – March 2008
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3 Organization Overview

Corporate Summary

PavCo has developed a reputation for exceilence in the marketing and management of public facilities. Its facilities are operated to realize maximum economic benefits, while optimizing financial performance.

The Corporation's mandate is:

> *To generate economic and community benefit for the people of British Columbia through the prudent management of public facilities.*

Following Core Services Review, it was decided that PavCo's operations would be either sold or transferred to public-private partnerships. Tradex was subsequently transferred to the City of Abbotsford in Fiscal 2004. The public-private partnership process for Vancouver Convention & Exhibition Centre (VCEC) and Vancouver Convention Centre Expansion Project (VCCEP) was not completed, and the government has retained its interest in these assets. The sale process for the Bridge Studios did not complete and a 5-year plan has now been developed for its future business. The Vancouver Convention & Exhibition Centre and BC Place Stadium will be used as venues for the 2010 Winter Olympic Games.

Expansion of the Vancouver Convention & Exhibition Centre commenced in late 2004, and is expected to complete and be open for business in the fall of 2008. Construction of the Expansion is the responsibility of the VCCEP, and PavCo is working with VCCEP to ensure a seamless transition of operations upon opening.

Enabling Legislation

B.C. Pavilion Corporation is a British Columbia corporation incorporated under the *Company Act (British Columbia)* on May 3, 1984. The authorized capital of B.C. Pavilion Corporation consists of 10,000 common shares without par value. Only one common share has been issued and it is held by Her Majesty the Queen in Right of the Province of British Columbia. This 100% ownership of issued shares by the Provincial Government makes B.C. Pavilion Corporation a Crown Corporation.

B.C. Pavilion Corporation registered PavCo as a business name under the *Partnership Act (British Columbia)* on September 23, 1999.

In addition to the *Company Act* and the *Partnership Act*, there are a number of other statutes relevant to B.C Pavilion Corporation—the most significant being the *British Columbia Enterprise Corporation Act*, which names it an agent of the government, binds it by the same laws as the government, and gives it the same immunities as the government.

Governance

PavCo is responsible to the Hon. John Les, Minister of Small Business and Economic Development, through a Board of Directors appointed by Government. Under the Company Act, the President and CEO is also a Director.

The Board of Directors provides leadership and direction to the organization in a manner consistent with the policies and directives of the Provincial government. These policies and directives are communicated to the Board through the Chairman. The performance results to be achieved by the Corporation and the guidelines placed on how these results are achieved are governed by Board policies and communicated to staff through the Chairman. In the case of a vacancy, the Board, in consultation with the Minister responsible, appoints the President and CEO.

The Board currently has two standing committees: Audit and Finance (A), and Governance (G). The Audit and Finance Committee overlooks financial reporting, internal controls, conflicts of interest and other related matters. The Governance Committee deals with staffing and compensation issues, and the implementation of all changes to be made as a result of the Core Services Review. Both committees review and develop matters in their specified areas and make recommendations to the entire Board.

The Board of Directors meets at least four times each year, and the committees meet as needed.

PavCo's Board members and committees served are:

Doris Bradstreet Daughney (A) (G)
Norm Assam (A)
John Horning (A) (G)
Daniel Jarvis (G)
Miriam Kresivo (G)
David Mindell (A)

Business Units

3.1.1 Vancouver Convention & Exhibition Centre (VCEC)

With 150,000 square feet of function space strategically located between a spectacular waterfront setting and all of the major visitor amenities of Vancouver's downtown core, the VCEC is British Columbia's premier meeting and convention facility. Since opening in 1987, the VCEC has steadily enhanced its market profile and reputation, culminating with its win in 2002 of the International Apex Award for "World's Best Convention Centre" from the Brussels-based International Association of Convention Centres. Currently, the VCEC can accommodate from 2500-3,000 delegates for a full convention program.
The VCEC is an integral part of British Columbia's business and economic infrastructure, generating over $200 million in annual economic impacts, including $73 million in tax

revenues, and supporting over 3,900 full-time jobs. At the same time, VCEC helps promote new trade and investment within the province, enhances education and technology, and provides an international showcase for British Columbia's products and services.

The VCEC has achieved a well-balanced mix of business from regional, national, U.S. and international markets, which has stabilized its operation through the economic and security-related disruptions of the last few years. The VCEC has been operating at or near capacity for a number of years, and during this time has had to regularly turn away significant business for lack of space. At the same time, an increase in the supply of hotel rooms combined with such initiatives as the expansion of the Vancouver International Airport have both served to create potential for significant increases in convention business along with increased economic benefits for the provincial economy.

Following many years of planning and proposals, funding was secured to expand the facility directly to the west of the current building. Expansion plans call for an increase to more than three times the size of the existing Centre, and construction is now underway. The expansion is scheduled to open in mid-2008, and it is expected that a renovation of the existing space will follow immediately after that. The VCEC will play a pivotal role as a combined media and broadcast centre for the 2010 Winter Olympic Games.

VCEC is now aggressively marketing the expansion in order to take full advantage of the new business opportunities it will create, and is enhancing this effort through a number of partnership activities with industry and facility organizations. In addition, the VCEC is working with British Columbia's four other convention centres to enhance its overall provincial business opportunities and to share the anticipated benefits of the expansion with other regions.

3.1.2 BC Place Stadium

Opened in 1983, BC Place Stadium is the world's largest air-supported domed stadium. With seating for 60,000 and 247,000 sq. ft. of exhibition space, BC Place Stadium is the Province's largest arena and trade show venue. It will host the Opening and Closing Ceremonies, the medal awards ceremonies as well as the nightly cultural and entertainment events at the 2010 Winter Olympic Games, and also the Opening Ceremonies for the Paralympic Games.

The facility is busy for over 200 days a year hosting trade and consumer shows, entertainment and sporting events. As Stadium occupancy is most concentrated during spring and fall, one of the most significant challenges continues to be limited availability of dates during this season. Trade and consumer shows, BC Lions games and spectator events all desire spring and fall dates leaving limited availability for new shows or for existing shows to move dates.

At over 20 years old, BC Place Stadium is in fairly good physical condition, but several areas of infrastructure require attention over the next 3 to 5 years in order to ensure that it

is in prime condition for the 2010 Winter Olympic Games. These include the roof, scoreboards, concession areas, kitchens, and seating. The Stadium is currently conducting a full assessment of its capabilities and expected upgrades for the 2010 Games.

3.1.3 Bridge Studios

Located in Burnaby, the Bridge Studios has been operating since 1987 and has been owned by PavCo since 1989. With over 190,000 sq.ft. of production space, the Bridge Studios plays a central role in the film production industry of British Columbia, is home to several TV productions, and is the location for the production of many feature movies.

Following Core Services Review, it was decided to sell the facility. The process terminated in mid 2004 without completion of a sale transaction. Instead, PavCo will continue to hold the facility and improve its value through investment in its infrastructure.

3.1.4 Corporate Office

The corporate office traditionally housed the Corporate Management and Board of Directors functions. The office was downsized significantly following Core Services Review, and with a staff of three, acts as a liaison between the facilities, board, and shareholder.

3.1.5 Discontinued Operations

Following Core Services Review, operations and ownership of Tradex were transferred to the City of Abbotsford. Financial results for Tradex covering the period to December 31, 2003 are included in the Four-Year Financial Forecast.

4 Strategic Context

Vision, Mandate, Mission, Values

Vision

To be a recognized leader in event facility management.

Mandate

To generate economic and community benefit for the people of British Columbia through the prudent management of public facilities.

Mission

To provide an event experience that exceeds the expectations of our clients and guests.

Values

Quality and Service – We set and meet high standards of service.

Respect, Fairness, and Honest Communication – We treat each other as we wish to be treated, and we openly share information to increase employee understanding and meaningful involvement.

Financial Responsibility – We make significant economic contributions to the Province and generate revenues to offset our operating costs.

Creativity and Innovation – We take responsible risks to find better ways, new methods and processes to get the job done.

Enthusiasm and Humour – We show our enjoyment of our work and each other.

Environmental Responsibility – We continually look for new ways of conducting our business to reduce environmental impacts.

Integrity – We apply our values and deliver our promises.

Key Strategic Issues

4.1.1 Expansion of the Vancouver Convention & Exhibition Centre (VCEC)

VCEC is an integral part of British Columbia's economic infrastructure, generating hundreds of millions of dollars in annual economic impact, tax revenues and many full and part-time jobs.

The facility has been operating at essentially full capacity, given seasonal business distribution, for a number of years. Opportunities for business growth in the current building have therefore focused on developing new service products, improving the flexibility of space to maximize utilization, and concentrating on high-yield business to achieve the best return on assets. With Expansion construction now underway, VCEC attention has turned to the development and marketing of the expanded facility while maintaining business levels in the existing centre.

Management is participating in an ad-hoc manner in the design process of the Expansion to ensure that the Shareholder's goals are met. The main goals are to create a facility that is highly marketable and that will also produce high economic returns to British Columbia. The renovation plans currently being developed for the existing building are set to ensure an integrated facility with consistent quality of fit and finish. VCEC, together with industry partners, has embarked on an aggressive marketing campaign, to ensure that the facility is re-branded and presented to the market in its new context.

Staff are committed to achieving optimal occupancy of the Expansion upon opening, with the maximum number of non-resident delegates booked at events, as they generate the highest economic returns to British Columbia. Because the booking cycle for major conventions is at least 3 – 5 years in advance of the events, staff have been unable to confirm those larger international events that are the main target for the opening period, and many have now booked elsewhere. Staff will therefore focus on events which still provide maximum benefits, and these will likely come from national and regional markets, or be more in line with the size we can typically host in the current facility.

Any delays in the construction schedule could further impact the ability to host the maximum number of delegates following opening of the Expansion.

4.1.2 Future of BC Place Stadium

BC Place Stadium was built in 1983, close to downtown Vancouver on unused industrial land. Since then, the areas surrounding the Stadium have been extensively developed over the past number of years. Built as an economic engine to expand business opportunities for the Province, BC Place Stadium has achieved this goal.

Changes in the Stadium's business environment clearly point to the need to attract new events in off-peak periods and to diversify the mix of revenue sources. While opportunities for the growth of traditional team sports and trade show categories remain limited, other sports and live entertainment categories show promising potential for expansion. BC Place Stadium is the Province's largest trade and consumer show venue and remains the only one capable of hosting a number of the Province's most successful shows. Changing market conditions are having an impact on the ability of the facility to recover its operating costs. At many other large sporting venues in North America, shifting game schedules prevent the hosting of other more profitable events. BC Place Stadium has no sporting events scheduled during the spring consumer show season and is therefore able to maximize its revenues from these shows.

The Stadium will host the Opening and Closing ceremonies, and nightly events at the 2010 Winter Olympic Games. Management will meet with the event organizers to identify improvements and funding sources required to successfully host the event.

4.1.3 Film Industry in British Columbia

Most film production in British Columbia is from US owned companies with the indigenous portion remaining fairly small at about 12% of total production[1].

The recent rise in the Canadian dollar and emerging competitive jurisdictions have left British Columbia potentially vulnerable to the loss of business. In late 2004, film industry leaders and staff held a series of meetings to discuss the downturn in the industry. They seek to maintain the competitiveness of the industry in British Columbia and plan to promote the Province as being competitive and open for business.

Several large film production facilities have been built or converted to film use in recent years; however, some of these could close or revert to their previous uses if there is a significant or prolonged downturn in the industry.

With most of the Bridge Studios production space being used for TV production on long term rental agreements, the facility has not experienced some of the declines in revenues and profitability that other studios have experienced over the past year. However, if the Canadian dollar continues to rise, or if the TV networks do not pick up the TV shows currently being produced, vacancies could arise along with reduced profitability in the future.

[1] From Hollywood North Report November 2004

4.1.4The Effects of Business Cycles on PavCo Operations

Changes in business cycles in local, national and world economies can have a significant impact on operations and economic benefits generated by PavCo's three operating facilities.

VCEC relies on attendance from non-resident delegates at conventions to generate the majority of its economic benefits and profitability. As most major conventions are booked several years in advance, lower bookings as a result of world economic downturn can impact business for several years into the future. Without the major convention business, VCEC relies on infill business, which is profitable, but produces significantly lower benefits than conventions. A weak national economy would usually result in fewer meetings occurring and attendance to decline at consumer shows. A robust economy would result in a significant increase in discretionary spending by clients at high profile events.

At BC Place Stadium, most of the business caters to the local markets, and attendance at trade and consumer shows generally fluctuates with the local economic cycles. For sporting events, change in attendance and revenues depend on the success of the sporting teams as well as discretionary spending available to fans.

Historically, the Bridge Studios has been affected by cycles in the movie production business, with significant vacancies occurring in the Effects Stage during business downturns. The Effects Stage is currently rented for TV production, but could be vulnerable in a business cycle where the high Canadian dollar makes production more economical in another more cost effective province or country.

5 Goals, Objectives, Key Strategies, Performance Measures and Targets

Changes from the last Service Plan

At the time of preparation of PavCo's last Service Plan, the organization was in a transitional phase with the disposition of facilities underway. With the completion of the process from Core Services Review, a decision was made to retain the remaining three facilities within PavCo's operations. This was followed by an in-depth review of the strategic plans for each segment of its operations with newly formulated goals, strategies, and measures for each segment. As result, reporting is now shown on a summary and segmented basis, making it more useful to the reader. The revised goals and measures reflect PavCo's commitment to operate the facilities on a long-term basis.

Strategic Goals

PavCo's strategic goals can be split into four areas:

5.1 Maximization of revenues and economic growth

Generation of economic benefits

From the perspective of the shareholder, we must strive to achieve our mandate, which is to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. The events held at our facilities help to support British Columbia's business and leisure tourism industry, as well as its trade development infrastructure. Our clients and guests from out of Province fill hotel rooms and patronize local businesses during their events, and conduct pre- and post- event activities throughout the Province.

To meet this goal, we need to:

- Seek events from out-of-Province that will generate the maximum amount of economic benefits to our community; and,
- Seek events that will promote growth and support for British Columbia's business base.

We will measure our success in achieving this goal by comparing the amount of economic benefits generated through our activities. This is based on estimated expenditures by visitors at events in our facilities, subsequent spending in the province following the event activity, and the ripple effect through the economy of such spending.

Improved financial return to shareholder

PavCo strives to meet its financial targets each year, and to minimize its reliance on shareholder funding. Client expectations and competition from other venues are causing downward pressure on revenues, while our ageing facilities and external challenges are creating an upward pressure on cost. It is important for PavCo to use the funding provided in the areas most likely to generate long-term profitability and benefit to the organization and the province.

Optimum facility occupancy

As the organization taking the lead role in sales and marketing programmes for the expansion of the VCEC, we also need to ensure that the Centre is utilized at the optimum levels upon opening in the fall of 2008. We will track bookings of events for the Expansion against the planned projections.

High occupancy at BC Place Stadium increases food and beverage and advertising revenues for the facility and improves its profile as a public facility.

Objectives	Strategies	Baseline 04/05	05/06	Targets 06/07	07/08
5.1 Maximization of revenues and economic growth					
Improve the return to the shareholder on its investment in PavCo's facilities					
VCEC	Economic benefit [2]	$209m	$196m	$209m	$220m
BCPS	Economic Benefit	$26m	$40 m	$31 m	$31 m
Bridge	Economic benefit	$220 m	$231 m	$245 m	$260 m
VCEC	Maximum subsidy (before depreciation	($1.392m)	($2 468m)	($2.743m)	($3.231m)
BCPS	Maximum subsidy (before depreciation)	($3.197 m)	($2.842m)	($2.932m)	($2.994m)
Bridge	Increase revenues	$3.521m	$3.536 m	$3.620 m	$3.675 m
VCEC	Increase non-resident delegate days	191,500	178,442[3]	189,925	217,641
BCPS	Attendance	744,300	903,000[4]	850,000	870,000

5.2 Maintain and increase client services and satisfaction

High levels of customer service and retention of clients

By gaining increased satisfaction from customers, our reputation as an organization that has the ability to produce world-class events will increase and drive higher attendance levels in the future. This will further enable us to achieve our primary goal from the shareholder perspective of increasing economic benefits to British Columbia. We work with our partners in tourism to attract those guests who will bring the greatest amount of benefits to the local and provincial economies. Many of our guests from out of province spend extra time in the region post events, and later, return with their families as tourists. During the construction phase of the Expansion to VCEC, maintaining a high customer satisfaction rating will be a

[2] An independent third party consultant assesses the economic benefits generated. Calculations are currently made using the Tourism Economic Assessment Model developed by the Canadian Tourism Research Institute. Projections for 2004/05 were calculated in a report prepared in March 2004. Estimates for subsequent years have been prepared by PavCo management based on anticipated attendance and activity at the facilities.

[3] Non resident delegates at VCEC for Fiscal 2005/06 will be lower than for 2004/05 due to a reduction in the number of major conventions booked

[4] Attendance at BC Place Stadium for Fiscal 2005/06 will increase as a result of Grey Cup

challenge due to noise and building issues. Staff remain committed to providing the highest levels of service.

Objectives	Strategies	Baseline 04/05	05/06	Targets 06/07	07/08
5.2 Maintain and increase high levels of client services and satisfaction					
Continue to provide a high level of service and value to our customers					
VCEC	Service quality survey score	82%	81%	80%	78%
BCPS	Service quality survey score[5]	88%	85%	85%	85%
Position our facility as the preferred venue for client target markets					
BCPS	Retention of existing business	83%	85%	90%	90%

5.3 Maintain and improve the facilities under our management

Maintain and improve the facilities under our management

We need to maintain our facilities to the best extent possible in order to attract new clients. We have developed capital repairs plans at each of our facilities, and plan for improvement and expansion of some of our services. Improvement to our properties will make us more competitive with other facilities and should result in an increase in overall occupancy and profitability. At the Bridge Studios, it may be necessary to disturb soils while performing some repairs or improvements that were contaminated through previous site use. We will monitor the contaminants and remediate as appropriate.

At VCEC, a comprehensive plan is being developed to ensure that there is a seamless transition from construction to opening of the Expansion. Progress against the plan will be evaluated and changes implemented as appropriate.

Objectives	Strategies	Baseline 04/05	05/06	Targets 06/07	07/08
5.3.0 Maintain and improve the facilities under our management					
Maximize opportunities for profitability					
BCPS	Margin per event[6]	43%	45%	45%	45%

[5] Increased occupancy at spectator events will put pressure on concession areas and service points and will subsequently reduce client service satisfaction ratings

Objectives	Strategies	Baseline 04/05	05/06	Targets 06/07	07/08
Increase and improve facility occupancy					
Bridge	Percentage occupancy	85%	88%	88%	90%
Bring our facility into compliance with environmental regulations when we disturb soils for maintenance and facility upgrades					
Bridge	Violations of environmental regulations	0	0	0	0

5.4 Innovation, learning and growth

Training and retention of our staff

We will strive to keep our employee skills at optimum levels so that they can participate in our operations in a professional and meaningful way. The new skills that they acquire through their learning activities will keep PavCo regarded as a leading organization for innovation and new ways to host events. We will monitor training activity, and measure the rate of staff retention.

We will seek to attract and retain well-qualified employees to achieve our corporate-wide goals. During Fiscal 2005/06 we will develop a performance-contingent compensation system that will reward staff for accomplishing the goals that we negotiate with them as part of our strategic planning cycle.

Objectives	Strategies	Baseline 04/05	05/06	Targets 06/07	07/08
5.4.0 Innovation, learning and growth					
Develop and maintain the necessary skills, capacity and motivation to successfully execute our strategic plan					
VCEC	Job specific training cost per employee[7]	$600	$800	$900	$900
Bridge	Training hours per employee	5	10	10	10
Maintain and increase employee engagement and capability					

[6] Ongoing repairs and maintenance to our equipment and facilities will make us the facility of choice for clients to hold their events and assist us in maximizing margins on the events

[7] Training costs do not include employee salaries during training sessions

Objectives	Strategies	Baseline 04/05	05/06	Targets 06/07	07/08
BCPS	Employee involvement (retention)	89%	89%	90%	90%

6 Alignment with Government's Strategic Plan

PavCo's three-year Service Plan is prepared with reference to, and guidance from, the Government's Strategic Plan. This plan identifies three major goals:

- A strong and vibrant provincial economy
- A supportive social fabric
- Safe, healthy communities and a sustainable environment

The government's plan identifies many strategies to attain these goals. The following government strategies are particularly relevant to PavCo's operations:

- To be affordable and fiscally responsible;
- To maintain a skilled workforce for British Columbia;
- To reform the province's Crown corporations so that they focus on public services, efficiency and effective service delivery; and,
- To aggressively support the 2010 Olympic Games.

7 Summary Financial Outlook

Funding

Funding is received from the Ministry of Small Business and Economic Development (MSBED). It covers the shortfall between operating revenues, facility costs and repairs expenses, and also includes an allowance for facility depreciation.

Operating

PavCo's operating facilities are the VCEC, BC Place Stadium and the Bridge Studios. PavCo is also responsible for the lead role in sales and marketing of the expansion of the Convention Centre.

Revenues will increase modestly over the next three years. With the VCEC and Bridge Studios operating at close to full occupancy, most of the increases in revenue will be from infill business. Competition from other facilities and the expectation of rental incentives from clients will slow revenue growth at VCEC.

BC Place Stadium will host Grey Cup in Fiscal 2005/06, and revenues will increase significantly for the year. Future years revenues for the facility will be higher than that for Fiscal 2004/05, but lower than for Fiscal 2005/06 and management will seek more sporting events for the off-peak seasons.

As the Corporation's facilities continue to age, facility costs will rise, especially for repairs, maintenance, insurance and utility costs. Management will strive to contain these costs through conservation measures and business process reviews. Costs of marketing the expansion of the Convention Centre commenced in Fiscal 2004/05, and costs incurred to prepare for opening will be included in the years leading up to it.

Capital

The Corporation manages assets of over $200 million in value, which are serviced through regular maintenance and programmes. No significant capital projects have been planned for the period to Fiscal 2007/08

Financial Forecast

Four Year Financial Forecast (in $ millions) - PavCo Consolidated

	Fiscal 2003/04 Actual	Fiscal 2004/05 Forecast	Fiscal 2005/06 Budget	Fiscal 2006/07 Forecast	Fiscal 2007/08 Forecast
Revenues					
- Sales	27.335	28.152	28.702	28.574	29.423
- MSBED Contribution	7,699	5.000	5.000	5.000	5.000
Total revenues	35,034	33.152	33.702	33.574	34.423
Expenses					
- Operating costs [8]	31.091	31,215	32.683	32.884	34.286
- Depreciation	3.943	3.592	3.750	3.702	3.746
Total Expenses	35.034	34.807	36.433	36.586	38.032
Net Income (deficit)	0	(1.655)	(2.731)	(3.012)	(3.609)
FTEs [9]	127	128	133	136	144

Key Assumptions:

- The core business units from Fiscal 2004/05 onwards are the VCEC, BC Place Stadium, and the Bridge Film Studios. Fiscal 2003/04 comparatives include operations from Tradex to December 31, 2003.
- During Fiscal 2003/04, world events caused reduced attendance and some loss of business at VCEC. Business has substantially recovered and will increase modestly over the next three years.
- PavCo will work with the Shareholder to determine options for funding the forecast deficits for Fiscal 2005/06 onwards.

Forecast Risks and Sensitivities:

- Revenue estimates are based on current bookings and expected pick-up business. These estimates could change if there are further world events during the period that impact business and tourism travel. Estimates will be monitored and adapted as conditions change.
- Continued increase in the value of the Canadian dollar against other currencies could reduce the amount of overseas business attracted to PavCo's facilities.

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[8] Operating costs include major repairs projects at the facilities

[9] Full Time Equivalent Staff will increase due to preparation for Expansion of Vancouver Convention & Exhibition Centre

Operating Segment Summary Information

Vancouver Convention & Exhibition Centre

Four Year Financial Forecast (in $ millions) – Vancouver Convention & Exhibition Centre

	Fiscal 2003/04 Actual	Fiscal 2004/05 Forecast	Fiscal 2005/06 Budget	Fiscal 2006/07 Forecast	Fiscal 2007/08 Forecast
Revenues					
- Sales [10]	14.529	15.845	15.223	15.680	16.150
Expenses					
- Operating costs[11]	14.760	16.237	16.241	16.673	17.131
- Expansion[12]	0	1.000	1.450	1.750	2.250
- Depreciation	0.472	0.451	0.348	0.200	0.750
Total Expenses	15.232	17.688	18.039	18.623	19.456
Net Income (deficit)	(0.703)	(1.843)	(2.816)	(2.943)	(3.306)
FTEs [13]	39	39	43	46	54

Goals, Strategies and Measures for VCEC

Maximization of revenue and economic growth

Strategy	
Improve the return to the shareholder on its investment in facilities	
Measure	Net economic benefits generated
Measure	Increase non-resident delegate days
Measure	Achieve our economic benefits objective while operating within an acceptable range of subsidy (before depreciation)
Measure	Subsidy (before depreciation)

[10] Revenues in Fiscal 2004/05 are higher than average performance due to significant spending by clients on services at several conventions

[11] Operating costs increase from 2003/04 to 2004/05 are due to higher variable event costs to service increased business levels. There was also a resumption of spending on repairs projects at the facility

[12] Expansion costs are for marketing of the expanded VCEC, and costs of readiness for opening

[13] Full Time Equivalent Staff will increase due to preparation for Expansion of VCEC

Measure	Sales activity – non resident delegate days booked for future years

Maintain and increase high levels of client services and satisfaction

Strategy	
▪ Continue to provide a high level of service and value to our customers	
Measure	Service quality survey score

Maintain and improve the facilities under our management

Strategy	
▪ Create and execute a multi-year business process upgrade for transition through to expansion	
Measure	Status of business plan

Innovation, learning and growth

Strategy	
▪ Develop and maintain the necessary skills, capacity and motivation to successfully execute our strategic plan	
Measure	Job specific training cost per employee

BC Place Stadium

Four Year Financial Forecast (in $ millions) – BC Place Stadium

	Fiscal 2003/04 Actual	Fiscal 2004/05 Forecast	Fiscal 2005/06 Budget	Fiscal 2006/07 Forecast	Fiscal 2007/08 Forecast
Revenues - Sales [14]	8.244	8.716	9.873	9.204	9.528
Expenses - Operating costs[15]	10.077	11.913	12.715	12.136	12.522
- Depreciation	2.564	2.470	2.731	2.831	3.000
Total Expenses	12.641	14.383	15.446	14.967	15.522
Net Income (deficit)	(4.397)	(5.667)	(5.573)	(5.763)	(5.994)
FTEs	81	82	82	82	82

Goals, Strategies and Measures for BC Place Stadium

Maximization of revenue and economic growth

Strategy	
▪ Improve the return to the shareholder on its investment in facilities	
Measure	Net economic benefits generated
Measure	Achieve our economic benefits objective while operating within an acceptable range of subsidy (before depreciation)
Measure	Subsidy (before depreciation)
Measure	Facility attendance

Maintain and increase high levels of client services and satisfaction

Strategy	
▪ Continue to provide a high level of service and value to our customers	
Measure	Service quality survey score

Maintain and improve the facilities under our management

Strategy
▪ Maximize opportunities for profitability

[14] Revenues for Fiscal 2005/06 increase as a result of Grey Cup activities at the Stadium

[15] Variable costs for Fiscal 2005/06 increase as a result of services provided by the Stadium for Grey Cup

Measure	Margin per event

Innovation, learning and growth

Strategy	
Maintain and increase employee engagement and capability	
Measure	Employee involvement (retention)

Bridge Studios

Four Year Financial Forecast (in $ millions) - Bridge Studios

	Fiscal 2003/04 Actual	Fiscal 2004/05 Forecast	Fiscal 2005/06 Budget	Fiscal 2006/07 Forecast	Fiscal 2007/08 Forecast
Revenues					
- Sales	3.789	3.521	3.536	3.620	3.675
Expenses					
- Operating costs	1.975	1.848	2.036	2.120	2.175
- Depreciation	0.674	0.671	0.671	0.671	0.671
Total Expenses	2.649	2.519	2.707	2.791	2.846
Net Income (deficit)	1.140	1.002	0.829	0.829	0.829
FTEs	4	4	4	4	4

Goals, Strategies and Measures for the Bridge Studios

Maximization of revenue and economic growth

Strategy	
Improve the return to the shareholder on its investment in facilities	
Measure	Net economic benefits generated
Measure	Revenue generation

Maintain and increase high levels of client services and satisfaction

Strategy	
Position our facility as the preferred venue for client target markets	
Measure	Retention of existing business

Maintain and improve the facilities under our management

Strategy	
Increase and improve facility occupancy	

Measure	Percentage occupancy
Bring our facilities into compliance with environmental regulations when re disturb soils for maintenance and facility upgrades	
Measure	Number of violations of environmental regulations

Innovation, learning and growth

Strategy	
Develop and maintain the necessary skills, capacity and motivation to successfully execute our strategic plan	
Measure	Training hours per employee

Corporate Office

Four Year Financial Forecast (in $ millions) – Corporate Office

	Fiscal 2003/04 Actual	**Fiscal 2004/05 Forecast**	**Fiscal 2005/06 Budget**	**Fiscal 2006/07 Forecast**	**Fiscal 2007/08 Forecast**
Revenues	0.102	0.070	0.070	0.070	0.070
Expenses					
- Operating costs[16]	0.584	0.217	0.241	0.205	0.208
- Depreciation	0	0	0	0	0
Total Expenses	0.584	0.217	0.241	0.205	0.208
Net Income (deficit)	(0.482)	(0.147)	(0.171)	(0.135)	(0.138)
FTEs	3	3	4	4	4

[16] Fiscal 2003/04 operating costs included one time reorganization expenses